

Second Regular Session 118th General Assembly (2014)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2013 Regular Session and 2013 First Regular Technical Session of the General Assembly.

## SENATE ENROLLED ACT No. 220

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AN ACT to amend the Indiana Code concerning insurance.

*Be it enacted by the General Assembly of the State of Indiana:*

SECTION 1. IC 27-2-23 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]:

**Chapter 23. Unclaimed Life Insurance Benefits**

**Sec. 1. This chapter applies after June 30, 2015.**

**Sec. 2. Except as provided in this chapter, the definitions in IC 27-2-22 apply throughout this chapter.**

**Sec. 3. As used in this chapter, "account owner" means an Indiana resident who is the owner of a retained asset account.**

**Sec. 4. (a) As used in this chapter, "annuity" refers to an annuity contract issued in Indiana.**

**(b) The term does not include an annuity contract used to fund an employment based retirement plan, the sponsor or administrator of which directs the insurer that issues the annuity contract.**

**Sec. 5. As used in this chapter, "death master file" refers to:**

**(1) the federal Social Security Administration's Death Master File; or**

**(2) another data source that, for the purpose of determining that a person is reported to have died, is at least as comprehensive as the federal Social Security Administration's**

SEA 220 — Concur



**Death Master File.**

**Sec. 6.** As used in this chapter, "death master file match" means the result of a search of a death master file that indicates a match of a person's name with the person's:

- (1) Social Security number; or
- (2) date of birth.

**Sec. 7.** As used in this chapter, "knowledge of death" means one (1) of the following:

- (1) Receipt of a certified original or copy of a death certificate of a person.
- (2) A death master file match that an insurer has validated with a secondary source.

**Sec. 8.** As used in this chapter, "person" refers to an insured, annuity owner, annuitant, or a retained asset account owner.

**Sec. 9. (a)** As used in this chapter, "policy" means a policy or certificate issued in Indiana that provides the kind of insurance described in Class 1 of IC 27-1-5-1.

**(b)** The term does not include the following:

- (1) A policy or certificate that provides a death benefit under:
  - (A) an employee benefit plan that is subject to the federal Employee Retirement Income Security Act of 1974 (29 U.S.C. 1001 et seq.); or
  - (B) a federal employee benefit program.
- (2) A policy or certificate that is used to fund a preneed funeral contract or prearrangement.
- (3) A policy or certificate of credit life or accidental death insurance.
- (4) A policy issued to a group policy owner for which the insurer does not provide record keeping services.

**Sec. 10.** As used in this chapter, "record keeping services" means an insurer's responsibility, under an agreement with a group policy owner, to obtain, maintain, and administer in the insurer's system information concerning each individual insured under a group policy (or a line of coverage under a group policy), including at least the following:

- (1) The individual's Social Security number and date of birth or name and date of birth.
- (2) The individual's beneficiary designation information.
- (3) The individual's eligibility for coverage.
- (4) The individual's benefit amount.
- (5) The individual's premium payment status.

**Sec. 11. (a)** An insurer shall, at least every six (6) months,



perform a comparison of in-force policies, annuities, and retained asset accounts issued by the insurer in Indiana against a death master file to identify potential death master file matches.

(b) An insurer that performs a comparison under subsection (a) using:

- (1) a complete death master file one (1) time per year; and
- (2) only the update files of the death master file used under subdivision (1) for additional comparisons during the twelve (12) months after the comparison under subdivision (1);

is considered to be compliant with subsection (a).

(c) This section does not prevent an insurer from requesting a certified original or copy of a death certificate as a part of a claim validation process.

**Sec. 12.** An insurer shall, not later than ninety (90) days after learning of the possible death of a person through a comparison performed under section 11 of this chapter, do the following:

- (1) Complete and document a good faith effort to confirm the death of the person against other available records and information.
- (2) Review the insurer's records to determine whether the person had purchased any other products from the insurer.
- (3) Determine whether benefits may be due under a policy, annuity, or retained asset account.
- (4) If the beneficiary or authorized representative under a policy, annuity, or retained asset account has not communicated with the insurer before the expiration of the ninety (90) day period, complete and document a good faith effort to locate and contact the beneficiary or authorized representative, including sending to the beneficiary or authorized representative information concerning the:
  - (A) insurer's claim process; and
  - (B) need to provide a certified original or copy of the death certificate, if applicable under the policy, annuity, or retained asset account.

**Sec. 13.** An insurer shall implement procedures to account for the following in complying with the requirements of this chapter:

- (1) Common nicknames, initials used instead of a first or middle name, use of a middle name, compound first and middle names, and interchanged first and middle names.
- (2) Compound last names, maiden or married names, and hyphens, blank spaces, or apostrophes in last names.
- (3) Transposition of the month and date parts of the date of



birth.

(4) Incomplete Social Security number.

**Sec. 14.** An insurer may, to the extent permitted by law, disclose the minimum necessary personal information about a person or a beneficiary to an individual or entity reasonably believed by the insurer to possess the ability to assist the insurer in locating the beneficiary or another individual or entity that is entitled to payment of the claim proceeds.

**Sec. 15.** An insurer, and an entity providing services to an insurer, shall not charge a beneficiary or authorized representative a fee or cost associated with:

- (1) a death master file search; or
- (2) verification of a death master file match;

conducted under this chapter.

**Sec. 16. (a)** The benefit of a policy, annuity, or retained asset account, plus accrued interest applicable under the policy, annuity, or retained asset account, is first payable to designated beneficiaries or policy owners, annuity owners, or account owners.

**(b)** If beneficiaries or policy owners, annuity owners, or account owners cannot be found, the benefit of the policy, annuity, or retained asset account (not including applicable accrued interest) escheats to the state as unclaimed property under IC 32-34-1.

**Sec. 17.** The commissioner may do the following:

- (1) Either:
  - (A) limit an insurer's death master file comparisons required by section 11 of this chapter to the insurer's electronic searchable files; or
  - (B) approve a plan and time period for conversion of an insurer's files to electronic searchable files.
- (2) Either:
  - (A) exempt an insurer from the death master file comparisons required by section 11 of this chapter; or
  - (B) upon demonstration of hardship by the insurer, permit an insurer to perform the death master file comparisons less frequently than required by section 11 of this chapter.
- (3) Allow an insurer to begin compliance with this chapter according to a plan and time period approved by the commissioner.

**Sec. 18. (a)** With respect to a policy, an annuity, or a retained asset account for which an insurer has knowledge of death:

- (1) if:
  - (A) within one (1) year after the insurer has obtained the



**knowledge of death, the insurer:**

**(i) conducts reasonable search efforts; and**

**(ii) is unable to locate in Indiana a beneficiary under the policy, annuity, or retained asset account; or**

**(B) no beneficiary was named and the person, for purposes of IC 32-34-1, had a last known address in Indiana; and**

**(2) the insurer has, without success, attempted to make the contacts required by and in accordance with IC 32-34-1;**

**the insurer may, without further notice to or consent by the state, report and remit the proceeds of the policy, annuity, or retained asset account to the state on an early reporting basis in accordance with IC 32-34-1.**

**(b) After a report and remittance of proceeds described in subsection (a), the insurer is relieved and indemnified from any additional liability in relation to the proceeds, in accordance with IC 32-34-1.**

**Sec. 19. An insurer's failure to comply with this chapter is an unfair or deceptive act or practice in the business of insurance under IC 27-4-1-4.**

**Sec. 20. The department may adopt rules under IC 4-22-2 to implement this chapter.**

SECTION 2. IC 27-4-1-4, AS AMENDED BY P.L.278-2013, SECTION 22, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 4. (a) The following are hereby defined as unfair methods of competition and unfair and deceptive acts and practices in the business of insurance:

(1) Making, issuing, circulating, or causing to be made, issued, or circulated, any estimate, illustration, circular, or statement:

(A) misrepresenting the terms of any policy issued or to be issued or the benefits or advantages promised thereby or the dividends or share of the surplus to be received thereon;

(B) making any false or misleading statement as to the dividends or share of surplus previously paid on similar policies;

(C) making any misleading representation or any misrepresentation as to the financial condition of any insurer, or as to the legal reserve system upon which any life insurer operates;

(D) using any name or title of any policy or class of policies misrepresenting the true nature thereof; or

(E) making any misrepresentation to any policyholder insured in any company for the purpose of inducing or tending to



induce such policyholder to lapse, forfeit, or surrender the policyholder's insurance.

(2) Making, publishing, disseminating, circulating, or placing before the public, or causing, directly or indirectly, to be made, published, disseminated, circulated, or placed before the public, in a newspaper, magazine, or other publication, or in the form of a notice, circular, pamphlet, letter, or poster, or over any radio or television station, or in any other way, an advertisement, announcement, or statement containing any assertion, representation, or statement with respect to any person in the conduct of the person's insurance business, which is untrue, deceptive, or misleading.

(3) Making, publishing, disseminating, or circulating, directly or indirectly, or aiding, abetting, or encouraging the making, publishing, disseminating, or circulating of any oral or written statement or any pamphlet, circular, article, or literature which is false, or maliciously critical of or derogatory to the financial condition of an insurer, and which is calculated to injure any person engaged in the business of insurance.

(4) Entering into any agreement to commit, or individually or by a concerted action committing any act of boycott, coercion, or intimidation resulting or tending to result in unreasonable restraint of, or a monopoly in, the business of insurance.

(5) Filing with any supervisory or other public official, or making, publishing, disseminating, circulating, or delivering to any person, or placing before the public, or causing directly or indirectly, to be made, published, disseminated, circulated, delivered to any person, or placed before the public, any false statement of financial condition of an insurer with intent to deceive. Making any false entry in any book, report, or statement of any insurer with intent to deceive any agent or examiner lawfully appointed to examine into its condition or into any of its affairs, or any public official to which such insurer is required by law to report, or which has authority by law to examine into its condition or into any of its affairs, or, with like intent, willfully omitting to make a true entry of any material fact pertaining to the business of such insurer in any book, report, or statement of such insurer.

(6) Issuing or delivering or permitting agents, officers, or employees to issue or deliver, agency company stock or other capital stock, or benefit certificates or shares in any common law corporation, or securities or any special or advisory board contracts or other contracts of any kind promising returns and



profits as an inducement to insurance.

(7) Making or permitting any of the following:

(A) Unfair discrimination between individuals of the same class and equal expectation of life in the rates or assessments charged for any contract of life insurance or of life annuity or in the dividends or other benefits payable thereon, or in any other of the terms and conditions of such contract. However, in determining the class, consideration may be given to the nature of the risk, plan of insurance, the actual or expected expense of conducting the business, or any other relevant factor.

(B) Unfair discrimination between individuals of the same class involving essentially the same hazards in the amount of premium, policy fees, assessments, or rates charged or made for any policy or contract of accident or health insurance or in the benefits payable thereunder, or in any of the terms or conditions of such contract, or in any other manner whatever. However, in determining the class, consideration may be given to the nature of the risk, the plan of insurance, the actual or expected expense of conducting the business, or any other relevant factor.

(C) Excessive or inadequate charges for premiums, policy fees, assessments, or rates, or making or permitting any unfair discrimination between persons of the same class involving essentially the same hazards, in the amount of premiums, policy fees, assessments, or rates charged or made for:

- (i) policies or contracts of reinsurance or joint reinsurance, or abstract and title insurance;
- (ii) policies or contracts of insurance against loss or damage to aircraft, or against liability arising out of the ownership, maintenance, or use of any aircraft, or of vessels or craft, their cargoes, marine builders' risks, marine protection and indemnity, or other risks commonly insured under marine, as distinguished from inland marine, insurance; or
- (iii) policies or contracts of any other kind or kinds of insurance whatsoever.

However, nothing contained in clause (C) shall be construed to apply to any of the kinds of insurance referred to in clauses (A) and (B) nor to reinsurance in relation to such kinds of insurance. Nothing in clause (A), (B), or (C) shall be construed as making or permitting any excessive, inadequate, or unfairly discriminatory charge or rate or any charge or rate determined by the department



or commissioner to meet the requirements of any other insurance rate regulatory law of this state.

(8) Except as otherwise expressly provided by law, knowingly permitting or offering to make or making any contract or policy of insurance of any kind or kinds whatsoever, including but not in limitation, life annuities, or agreement as to such contract or policy other than as plainly expressed in such contract or policy issued thereon, or paying or allowing, or giving or offering to pay, allow, or give, directly or indirectly, as inducement to such insurance, or annuity, any rebate of premiums payable on the contract, or any special favor or advantage in the dividends, savings, or other benefits thereon, or any valuable consideration or inducement whatever not specified in the contract or policy; or giving, or selling, or purchasing or offering to give, sell, or purchase as inducement to such insurance or annuity or in connection therewith, any stocks, bonds, or other securities of any insurance company or other corporation, association, limited liability company, or partnership, or any dividends, savings, or profits accrued thereon, or anything of value whatsoever not specified in the contract. Nothing in this subdivision and subdivision (7) shall be construed as including within the definition of discrimination or rebates any of the following practices:

- (A) Paying bonuses to policyholders or otherwise abating their premiums in whole or in part out of surplus accumulated from nonparticipating insurance, so long as any such bonuses or abatement of premiums are fair and equitable to policyholders and for the best interests of the company and its policyholders.
- (B) In the case of life insurance policies issued on the industrial debit plan, making allowance to policyholders who have continuously for a specified period made premium payments directly to an office of the insurer in an amount which fairly represents the saving in collection expense.
- (C) Readjustment of the rate of premium for a group insurance policy based on the loss or expense experience thereunder, at the end of the first year or of any subsequent year of insurance thereunder, which may be made retroactive only for such policy year.
- (D) Paying by an insurer or insurance producer thereof duly licensed as such under the laws of this state of money, commission, or brokerage, or giving or allowing by an insurer or such licensed insurance producer thereof anything of value,





for or on account of the solicitation or negotiation of policies or other contracts of any kind or kinds, to a broker, an insurance producer, or a solicitor duly licensed under the laws of this state, but such broker, insurance producer, or solicitor receiving such consideration shall not pay, give, or allow credit for such consideration as received in whole or in part, directly or indirectly, to the insured by way of rebate.

(9) Requiring, as a condition precedent to loaning money upon the security of a mortgage upon real property, that the owner of the property to whom the money is to be loaned negotiate any policy of insurance covering such real property through a particular insurance producer or broker or brokers. However, this subdivision shall not prevent the exercise by any lender of the lender's right to approve or disapprove of the insurance company selected by the borrower to underwrite the insurance.

(10) Entering into any contract, combination in the form of a trust or otherwise, or conspiracy in restraint of commerce in the business of insurance.

(11) Monopolizing or attempting to monopolize or combining or conspiring with any other person or persons to monopolize any part of commerce in the business of insurance. However, participation as a member, director, or officer in the activities of any nonprofit organization of insurance producers or other workers in the insurance business shall not be interpreted, in itself, to constitute a combination in restraint of trade or as combining to create a monopoly as provided in this subdivision and subdivision (10). The enumeration in this chapter of specific unfair methods of competition and unfair or deceptive acts and practices in the business of insurance is not exclusive or restrictive or intended to limit the powers of the commissioner or department or of any court of review under section 8 of this chapter.

(12) Requiring as a condition precedent to the sale of real or personal property under any contract of sale, conditional sales contract, or other similar instrument or upon the security of a chattel mortgage, that the buyer of such property negotiate any policy of insurance covering such property through a particular insurance company, insurance producer, or broker or brokers. However, this subdivision shall not prevent the exercise by any seller of such property or the one making a loan thereon of the right to approve or disapprove of the insurance company selected by the buyer to underwrite the insurance.



(13) Issuing, offering, or participating in a plan to issue or offer, any policy or certificate of insurance of any kind or character as an inducement to the purchase of any property, real, personal, or mixed, or services of any kind, where a charge to the insured is not made for and on account of such policy or certificate of insurance. However, this subdivision shall not apply to any of the following:

(A) Insurance issued to credit unions or members of credit unions in connection with the purchase of shares in such credit unions.

(B) Insurance employed as a means of guaranteeing the performance of goods and designed to benefit the purchasers or users of such goods.

(C) Title insurance.

(D) Insurance written in connection with an indebtedness and intended as a means of repaying such indebtedness in the event of the death or disability of the insured.

(E) Insurance provided by or through motorists service clubs or associations.

(F) Insurance that is provided to the purchaser or holder of an air transportation ticket and that:

(i) insures against death or nonfatal injury that occurs during the flight to which the ticket relates;

(ii) insures against personal injury or property damage that occurs during travel to or from the airport in a common carrier immediately before or after the flight;

(iii) insures against baggage loss during the flight to which the ticket relates; or

(iv) insures against a flight cancellation to which the ticket relates.

(14) Refusing, because of the for-profit status of a hospital or medical facility, to make payments otherwise required to be made under a contract or policy of insurance for charges incurred by an insured in such a for-profit hospital or other for-profit medical facility licensed by the state department of health.

(15) Refusing to insure an individual, refusing to continue to issue insurance to an individual, limiting the amount, extent, or kind of coverage available to an individual, or charging an individual a different rate for the same coverage, solely because of that individual's blindness or partial blindness, except where the refusal, limitation, or rate differential is based on sound actuarial principles or is related to actual or reasonably anticipated



experience.

(16) Committing or performing, with such frequency as to indicate a general practice, unfair claim settlement practices (as defined in section 4.5 of this chapter).

(17) Between policy renewal dates, unilaterally canceling an individual's coverage under an individual or group health insurance policy solely because of the individual's medical or physical condition.

(18) Using a policy form or rider that would permit a cancellation of coverage as described in subdivision (17).

(19) Violating IC 27-1-22-25, IC 27-1-22-26, or IC 27-1-22-26.1 concerning motor vehicle insurance rates.

(20) Violating IC 27-8-21-2 concerning advertisements referring to interest rate guarantees.

(21) Violating IC 27-8-24.3 concerning insurance and health plan coverage for victims of abuse.

(22) Violating IC 27-8-26 concerning genetic screening or testing.

(23) Violating IC 27-1-15.6-3(b) concerning licensure of insurance producers.

(24) Violating IC 27-1-38 concerning depository institutions.

(25) Violating IC 27-8-28-17(c) or IC 27-13-10-8(c) concerning the resolution of an appealed grievance decision.

(26) Violating IC 27-8-5-2.5(e) through IC 27-8-5-2.5(j) (expired July 1, 2007, and removed) or IC 27-8-5-19.2 (expired July 1, 2007, and repealed).

(27) Violating IC 27-2-21 concerning use of credit information.

(28) Violating IC 27-4-9-3 concerning recommendations to consumers.

(29) Engaging in dishonest or predatory insurance practices in marketing or sales of insurance to members of the United States Armed Forces as:

(A) described in the federal Military Personnel Financial Services Protection Act, P.L.109-290; or

(B) defined in rules adopted under subsection (b).

(30) Violating IC 27-8-19.8-20.1 concerning stranger originated life insurance.

(31) Violating IC 27-2-22 concerning retained asset accounts.

(32) Violating IC 27-8-5-29 concerning health plans offered through a health benefit exchange (as defined in IC 27-19-2-8).

(33) Violating a requirement of the federal Patient Protection and Affordable Care Act (P.L. 111-148), as amended by the federal Health Care and Education Reconciliation Act of 2010 (P.L.



111-152), that is enforceable by the state.

**(34) After June 30, 2015, violating IC 27-2-23 concerning unclaimed life insurance, annuity, or retained asset account benefits.**

(b) Except with respect to federal insurance programs under Subchapter III of Chapter 19 of Title 38 of the United States Code, the commissioner may, consistent with the federal Military Personnel Financial Services Protection Act (P.L.109-290), adopt rules under IC 4-22-2 to:

(1) define; and

(2) while the members are on a United States military installation or elsewhere in Indiana, protect members of the United States Armed Forces from;

dishonest or predatory insurance practices.



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President of the Senate

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President Pro Tempore

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Speaker of the House of Representatives

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Governor of the State of Indiana

Date: \_\_\_\_\_ Time: \_\_\_\_\_

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